

Chapter 10

“Sustainability” in Russia’s Development Agenda: Strategies and Challenges Under COVID–19 Pressure

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ABSTRACT

Over the past few decades, the problems of climate change and the need to find a new paradigm for further industrial development have become the forefront of the global agenda of sustainable and balanced development. However, while the concepts of “sustainable development,” “energy-efficient” economy, and “green” economic growth for the majority of leading global countries have already surpassed the stage of debates and became the real transformational force, Russia is still treating the energy shift as a dim prospect. Some changes started to happen only in 2021, when the major importers of Russian goods adopted initiatives, threatening the competitiveness of Russian export. Within this chapter, the authors set the goal to investigate the history of Russia’s commitment to the global climate-related initiatives and showcase whether the national legislative system is supporting these efforts. The authors also highlight the major drivers for energy shift in the Russian economy and rethink national model of energy transition mechanisms for the near future, considering its foreign trade risks.

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INTRODUCTION

In recent years, “green” safety and sustainability have become an important cornerstone of the global image and strength of the EU and a number of other countries. However, the opposite situation is observed in Russia. Despite the fact that Russia is involved in all international summits related to climate change and the promotion of the concept of sustainable development, these topics are practically not covered in national projects.

Today, Russia’s share in global greenhouse gas emissions is about 5%, and the volumes are still 33% under the 1990 level. The structure of emissions is dominated by the energy sector with share of 78.7% in 2019. However, what is a very particular feature for Russia, is that the major source of the carbon absorption of the country emissions is attributed to the LULUCF – managed lands in Russia provide a steady trend of increasing the net absorption of greenhouse gases (up to 27% of the total emissions in all other sectors).

Russia’s preliminary nationally determined contribution under the Paris Agreement provides a reduction of emissions by 25-30% from the 1990 level by 2030, taking into account LULUCF. Thus, this obligation was fulfilled at the beginning of the 1990s, and by now it has been exceeded. More ambitious goals were barely discussed at the government level. Perhaps this is why, at the level of public concern and strategic priorities of the state, climate change and, accordingly, the sustainable development agenda are still inferior to other priorities.

At the same time, due to its high carbon intensity, long-term risks related to climate issues are already emerging for all Russian exports. Until February 2022 the EU countries, leaders in the global “green” agenda, have been providing almost a third of the export revenue for Russian companies. However, even a big reluctant turn towards Asia and Middle East will not reduce the pressure on Russian companies in matters of the green agenda.

The relatively low level of technological development and, as a result, low energy efficiency of the Russian economy increases the carbon intensity of exports — according to the International Energy Agency, the energy intensity of Russia’s GDP is 2-3 times higher than in most developed economies with very slow dynamics for decline. At the same time, recently, some rhetoric assures that “good” intentions for sustainable development and energy transition can be treated as infringing on the national interests and deliberately ignoring such aspects of sustainable development as ensuring access to cheap and reliable energy supply and the development of clean hydrocarbon energy technologies especially under the pressure of COVID-19 on the global economy.

In this chapter, along with the overview of the national sustainable development initiatives the authors focus on the two main questions:

1. What risks are facing Russia (on both country- and firm- level) if it ignores the global energy switch?
2. What might be the scenarios of Russia’s sustainable development within the global energy transition?

In this this regard authors contribute to the understanding of the climate-related and “green” evolution of the Russian political, and thus economic, agenda and investigate how the geography of Russian trade influenced domestic export-oriented entities’ SDG actions during COVID-19 years.

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